



13th Annual GSA SmartPay Conference

Las Vegas, Nevada (August 2011)

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Defense Procurement and Acquisition Policy (DPAP)

Agenda

- Current and Future Operations
- Procurement Standardization
- Tax Increase Prevention and Reconciliation Act
- Freedom of Information Act
- Federal Procurement Data System
- Purchase Card On Line System
- E-mail Initiatives
- 3 in 1
- Cyber Security
- Counterfeiting
- Recognition

Purchase Card Spend

	# Card Holders (K)		\$ Spend (B)		\$ Refunds (M)	
FY	2009	2010	2009	2010	2009	2010
Army	53.3	53.3	\$ 4.50	\$ 4.00	\$ 45.70	\$ 36.10
Navy	12.3	11.8	\$ 1.70	\$ 1.50	\$ 16.90	\$ 21.10
Air Force	34.6	34.9	\$ 1.60	\$ 1.70	\$ 19.80	\$ 17.10
Defense Agencies	5.8	5.8	\$ 0.60	\$ 0.60	\$ 5.50	\$ 4.80
Total	106.0	105.8	\$ 8.4	\$ 7.8	87.9	\$ 79.1

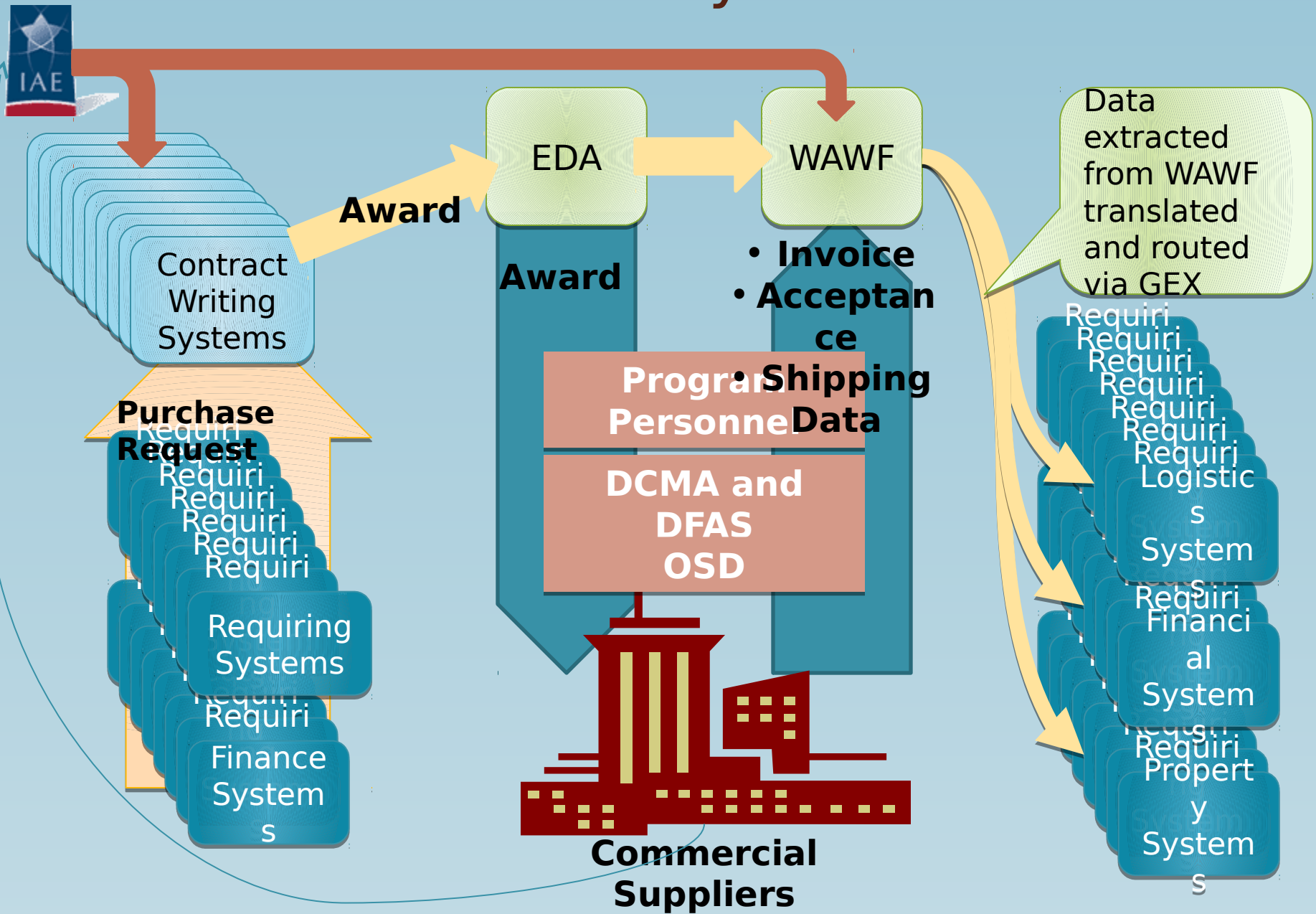
Future of Purchase Card

- OUSD (Comptroller, DFAS and OUSD (AT&L)) to explore additional efficiencies; establishing an Electronic Payment Efficiencies Board to consider (among other items):
 - Raising threshold for micro purchases
 - Additional opportunities for use as contract pay vehicle
 - Risk management is key
- Budget impacts a given
- Government Accountability Board (GAT) and the possible DATA Act
- Reestablishing strategic alignment with OUSD (P&R) to clarify training purchases & purchase card

DoD Standardization Efforts

- Purchase Card Standards
 - Standard Data Exchange January 2001
 - Internal Controls December 2005; Updated 2007
 - Purchase Card Data Management Plan October 2010
- Procurement Data Standard (PDS) – 2007 to Present
 - Carries all contract information as tagged data
 - Builds on ANSI standards previously developed
- Purchase Request Data Standard – July 2009
 - Developed from PDS to address requirements
- Contract Index Memo – Summer 2010
 - Documented data standard for DoD contract number and relationship to Federal data elements

Basic Procurement Systems Data Flow



Tax Increase Prevention and Reconciliation Act (TIPRA)

- Extends implementation to January 1, 2013
- Credit Card(s) are currently exempt – continues IRS Notice # 2010-91 language (does not apply to convenience checks)
 - IRS Has authority to eliminate exemption (18 months to comply)
 - DoD requesting IRS to consider a waiver for convenience checks with micro-purchase threshold
 - Issue for contingency operations; checks overseas include higher micro-purchase threshold
- This may incentivize vendors to seek contract payment via purchase card

Freedom Of Information Act

- Releasable information is restricted to unclassified transactions (local not aggregated) and the following data:
 - Merchant category code
 - Transaction amount
 - Merchant name
 - Merchant city, state, zip and phone
 - Transaction date (releasable 90 days after transaction date)

Federal Procurement Data System (FPDS)

- FPDS is the central collection point for all federal agency contract award information reporting required by statute since 1977
 - Guidance in FAR 4.6; no exemption for orders under schedules, BPAs or IDIQs
- DPAP memo Oct 26, 2010 reiterated existing reporting requirements; need to track GPC orders to:
 - Track contract ceilings for compliance with minimum and maximums
 - Determine which GPC purchases are contract actions

DO NOT REPORT TO FPDS:

Open-market actions purchased and paid for using the GPC

- Open-market actions occur when the value of the action is less than or equal to the micro-purchase threshold
 - FAR 2.101 and DFARS 213.301
 - Actions not under a federally issued contract or agreement (i.e., not under a federal supply schedule (FSS), Agency IDIQ or BPA)

DO REPORT all other GPC use under contracts to FPDS:

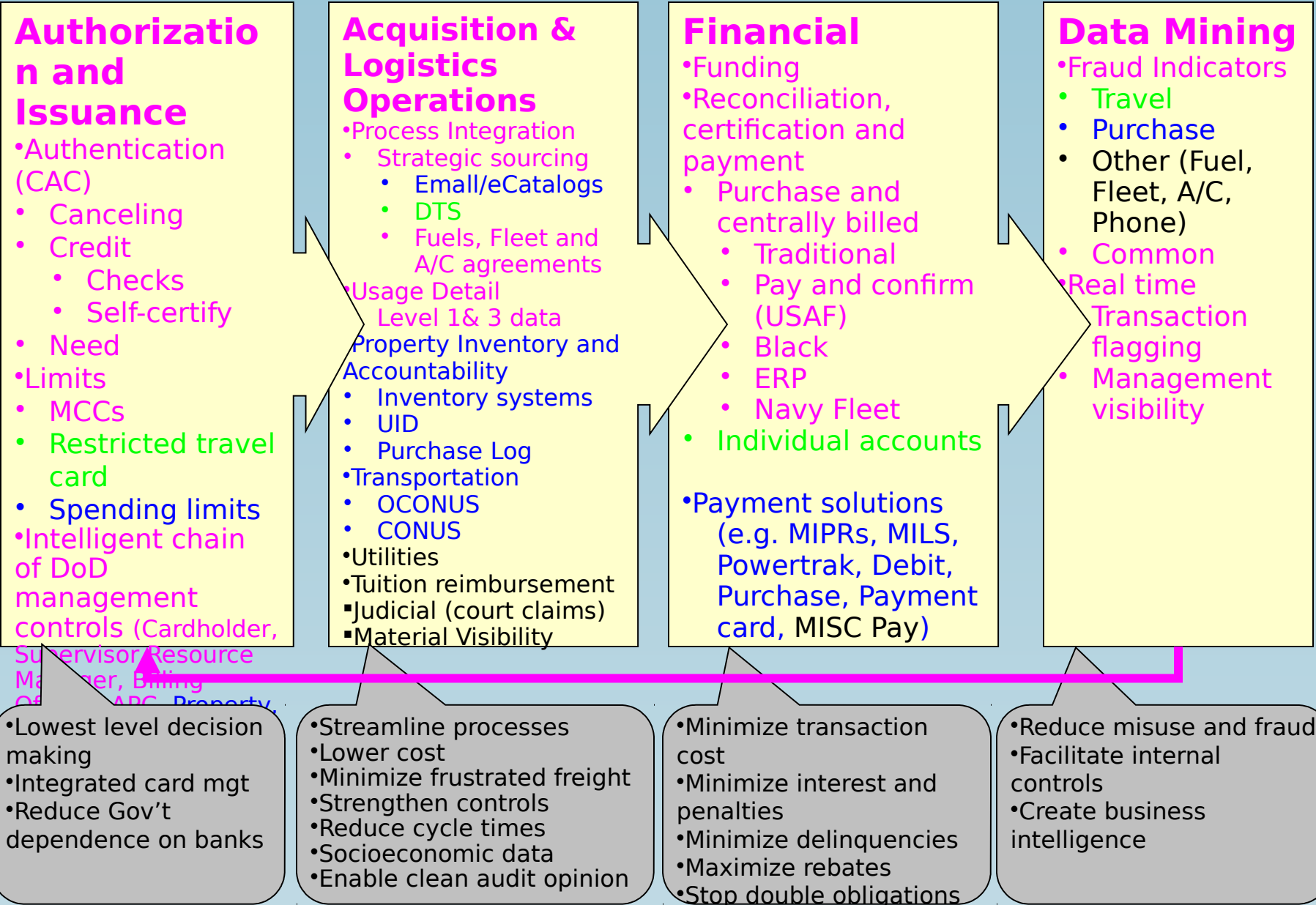
- When a Contracting Officer uses the GPC as payment method, report action as any other individual contract action report – be sure to mark ‘Purchase Card as Payment Method’ as ‘Yes’
- When a Contracting Officer, Ordering Officer or other Cardholder uses the GPC to place and order (purchase/pay) under an FSS, IDIQ or BPA – there are three options (see backup chart)

- Common
- Purchase Card
- Travel Card
- Other

Charge Card Capabilities Common and Unique

Capabilities

Outcomes



PCOLS

- From 1996 to 2002 more than 600 DoD and Inspector General audit reports on the GSA GPC Program were issued. In 2002 the Government Accountability Office (GAO) issued four audits and Congress conducted the fourth in a series of hearings on the GPC Program. Findings included systemic issues regarding:
 - account reconciliation & certification
 - administrative controls
 - management oversight
 - **property accountability (repeat in latest GAO audit)**
 - purchase card use
 - separation of duties
 - training
- In addition to other initiatives (e.g., specifying management controls, mandating use of the Bank's EAS for invoice certification and payment) PCOLS was developed to address many of these issues

PCOLS Deployment Progress

- Air Force – 91% Deployed
- Defense Agencies – 82% Deployed
- Army – Initiating Pilot (1 October 2011)
- Navy – Completed Initial Pilot, deployment deferred until PCOLS reporting capability commensurate with Navy Program Audit Tool (PAT) – delivery Nov 2011

PCOLS Supervisory Role

To address user feedback that the supervisory role in AIM workflows is too burdensome...a series of alternatives were considered and approved:

- EMMA will be modified to allow A/OPCs to provision the A/BO Supervisor, A/BO and Cardholder Supervisor. All others will only redeem tokens; existing users will be mapped to new hierarchy automatically
- Supervisors will not be required to initiate any AIM workflows, but will still be required to approve/reject requests; all changes are in production. A/OPCs can initiate all workflows, with the exception of those with LOAs.

PCOLS Email Review

- In response to user feedback about the lack of useful content in user e-mails:
 - Initial email analysis completed and presented to the ORC (Feb 2011)
 - 3 enhancements implemented in June 2011
 - 11 additional change requests have been implemented in 2011 to address email issues/enhancement requests
 - Emails continue to be reviewed for further improvements and will be implemented as prioritized

PCOLS Reporting Update

- 8 reports available through PCOLS Reporting application
- 11 new program management reports identified and in development
 - Based on current Navy PAT reports
 - Presented to ORC in May 2011 for input from all services/agencies
 - First command-wide report will be in production by November 2011

Areas of Concern

- Most Frequent Audit Finding – Split Transactions
 - Department does not receive best value
- Data Mining Disposition – Lost or Stolen
 - Working with Visa/Banks to reduce occurrences
 - Was it truly lost or did cardholder get caught?

E-Mall Initiatives

- Compliance is number 1 priority
 - FPDS-NG reporting
 - Posting contracts to EDA; including GSA schedules and DoD orders and modifications
- Electronic Feed to US Bank Order Management

3in1 Tool Operating Environment



1

Ruggedized handheld device with portable printer

Wired to Laptop
USB, Crossover Cable

GSM, Wi-Fi
Ethernet to
LAN



2

A workstation application

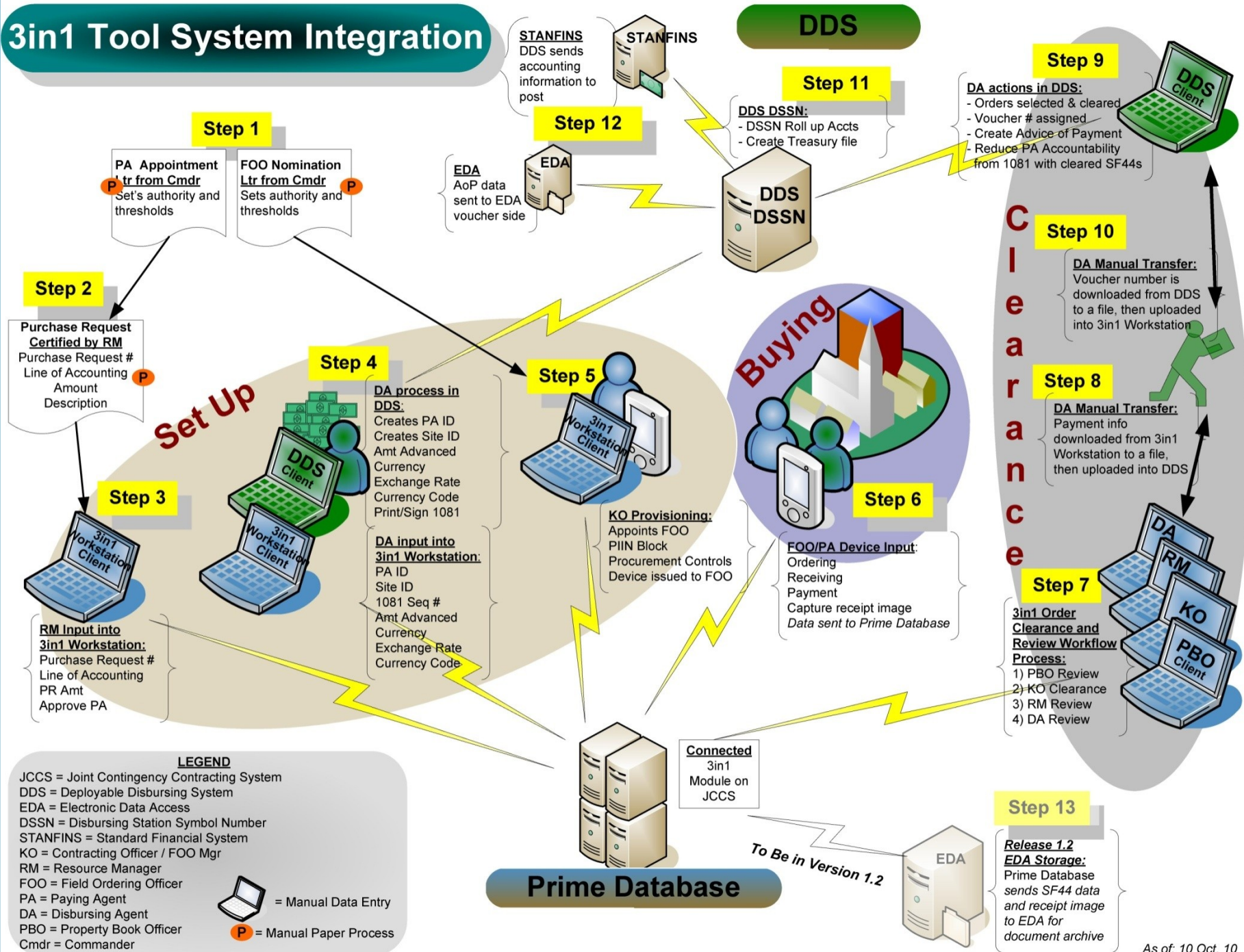


3

Prime
database/server



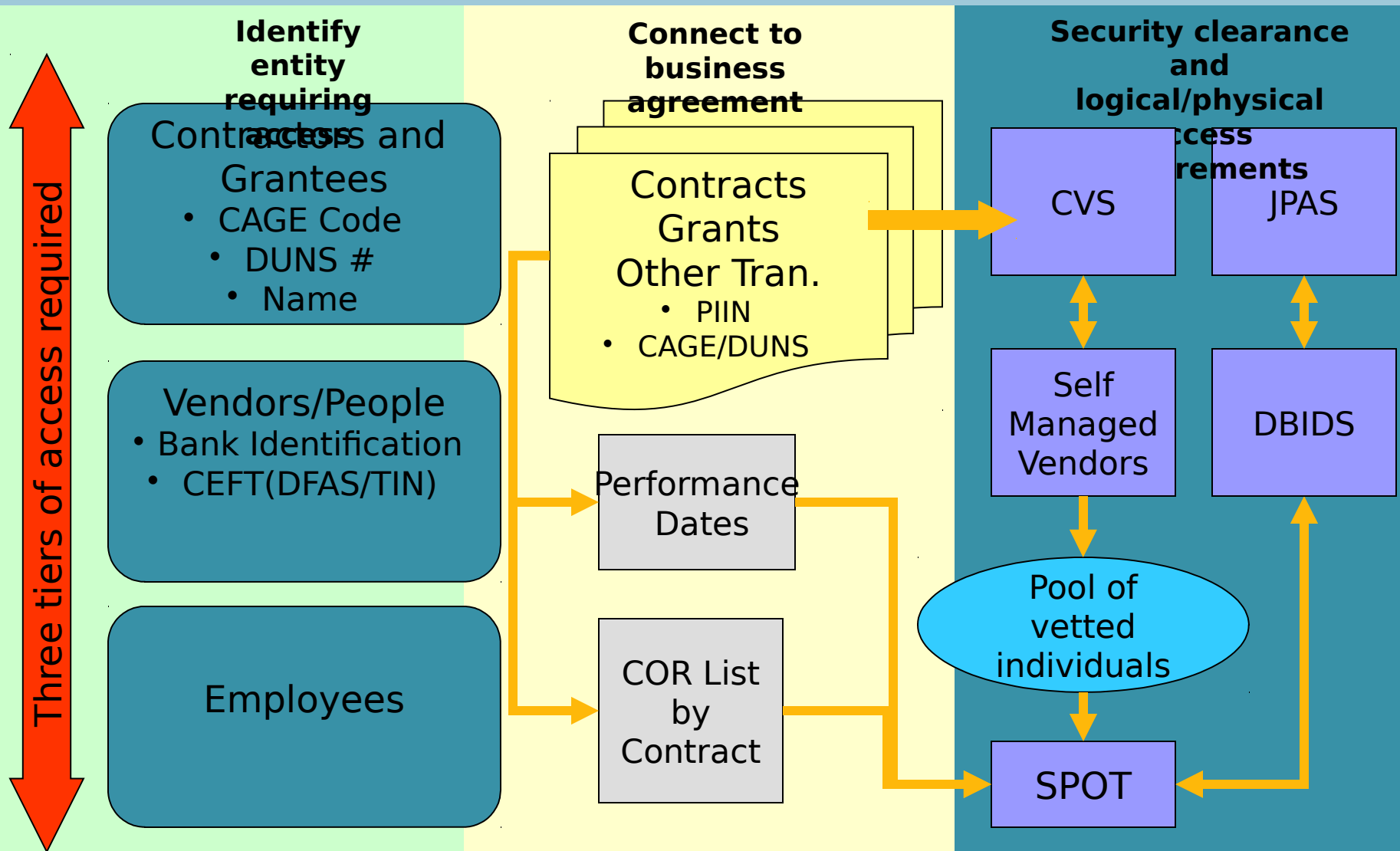
3in1 Tool System Integration



What's Happening in Cyber Security?

- How do I control information?
 - Safeguarding of Controlled Unclassified Information (CUI)
 - DFARS FRN June 2011, Basic and Enhanced
- How do I protect the supply chain?
- How do I control access to logical and physical information?
 - Homeland Security Presidential Directive (HSPD-12)
 - Personal Identity Verification (PIV) – for DOD this is CAC
 - Personal Identity Verification Interoperable (PIV-I) for other Agencies and Industry partners

Establishing Authoritative Sources for Contractor Access



How May Anti-Counterfeiting Efforts Affect Purchase Card Use

- Background:
 - GAO report, published in 2009 confirmed the growing number of counterfeit parts across the federal government
 - Federal Anti-Counterfeiting Task Force was chartered by OMB in March 2011
 - Counterfeit problem exacerbated by move to commercial items where industry not Government is the design authority
- Potential impact on Purchase Card Use
 - Designation of items as “at risk of counterfeiting” thus requiring traceability - may restrict or preclude purchase card purchase
 - When using card as payment device - must confirm authenticity in accordance with traceability requirement prior to payment

Update on Last Years Opportunities for Future Success

- ✓ **Integration with Wide Area Work Flow (WAWF)**
- **DAU notification of course completion; requirement definition complete**
- ✓ **Reports design is open for discussion (hierarchy and tracking changes)**
- **Automating the DD 577, Appointment Termination Record - Authorized Signature; DFAS - Conducting Lean 6 Sigma**
- **Creation of single sign-on with EMALL**
- **Notification of Employee/Member Departure**
- ✓ **Contingency Operations (3 - in - 1)**



Recognition



Options for Reporting Orders Made with GPC

- In descending order of preference:
 1. Individually, actual vendor DUNS and order number
 2. Using express reporting procedures that compile all actions monthly under the identified existing contract
 3. Using express reporting procedures that compile all actions monthly without specifically identifying the existing contract/agreement and vendor (use generic GPC DUNS)
- For #1 or #2, contracting office may require ordering officers to report directly to FPDS – recommended for high-use/high-limit users to ensure accuracy
- For #3 – contracting offices should accomplish to ensure all actions are included
- DPAP working with DoD EMALL and GSA Advantage to enable direct reporting to FPDS when orders are placed